

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Advisory Branch**

**RESOLUTION NO. W-4277  
August 23, 2001**

**RESOLUTION**

**(RES. W-4277), CALIFORNIA WATER SERVICE COMPANY (CWSC),  
BAKERSFIELD AND HERMOSA-REDONDO DISTRICTS. ORDER  
AUTHORIZING AN OFFSET RATE INCREASE PRODUCING  
ADDITIONAL ANNUAL REVENUES OF \$2,204,500 OR 1.2% OF  
THOSE DISTRICTS' ADOPTED REVENUE.**

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**SUMMARY**

By Advice Letter No. 1493, filed May 18, 2001, supplemented by Advice Letter No. 1493-A, filed August 15, 2001, CWSC seeks authority to increase revenues by \$2,204,500 or 1.2% (of those districts' adopted revenue) to offset purchased power rate increases by Pacific Gas & Electric Company (PG&E) and Southern California Edison Company (SCE) based on Decision (D.) 01-05-027. The increase will not result in a rate of return greater than last authorized for CWSC.

**BACKGROUND**

CWSC requested authority under Section VI of General Order 96-A to increase rates for water service for its Bakersfield and Hermosa-Redondo Districts to offset: (1) a \$2,173,200 increase in purchased power expense; (2) a \$23,000 increase in local franchise taxes; and (3) a \$8,300 increase in uncollectibles. CWSC serves about 44,000 metered customers in addition to 37,000 flat customers in those districts.

The present rates for the Bakersfield District and Hermosa-Redondo District became effective pursuant to D.99-05-018. CWSC's summary of earnings ending June 30, 2001 shows that these districts are not earning more than the company's last authorized rate of return either on a pro-forma or actual basis. These districts are within their respective rate case cycles.

## **NOTICE AND PROTESTS**

CWSC has given public notice of the request for an increase by publishing in a local newspaper of wide circulation in each district listed above. No protest letters were received.

## **DISCUSSION**

The offset increases requested herein are for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses that have occurred since the present rates became effective. This rate increase will not result in a rate of return greater than that previously authorized.

The reason for the above expense changes is as follows: (1) PG&E and SCE increased its electric rates effective June 1, 2001, per D.01-05-027, which will result in purchased power increases of \$5,846,100.

The requested expense offset will result in the following increases in the quantity rate per Ccf (One Ccf is equals 100 cubic feet) for metered customers, or the monthly flat rates, respectively, per the following table:

<u>DISTRICT</u>	<u>Increase \$/Ccf</u>	<u>Increase \$/kWh</u>	<u>Flat Rate Increase, Monthly</u>
Bakersfield	\$0.0722	0.05143	\$2.29-\$4.16
Hermosa-Redondo	\$0.0119	0.02663	

As with all offsets, CWSC must track incremental revenues and incremental costs in a balancing account to assure only dollar-for-dollar recovery.

To ensure that purchased power is being used economically, the Office of Ratepayer Advocates (ORA) reviewed the latest pump efficiency tests for these districts during the most recent general rate case proceedings in each respective district and found the results to be satisfactory.

Service is satisfactory. There are no Commission orders requiring system improvement, nor are there significant service problems requiring corrective action in any of the districts that are the subject of this advice letter.

**FINDINGS**

THE COMMISSION FINDS, after investigation by the Water Advisory Branch, that the rate increases hereby authorized are justified, and the resulting rates are just and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. California Water Service Company is authorized, five days after the effective date herein, to make effective revised Schedules BK-1, General Metered Service; BK-2R, Residential Flat Rate Service; HR-1, General Metered Service; and HR-6, Reclaimed Metered Service, attached to Supplement Advice Letter No. 1493-A, and to concurrently cancel its presently effective rate schedules.
2. California Water Service Company is directed to maintain its balancing accounts as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2001; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN  
Executive Director

LORETTA M. LYNCH  
President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

